

## Governor Inslee's proposed 2015–17 budget: Reinvesting in Washington

Washington's economy continues its slow but steady recovery from the worst recession since World War II. Our private sector is growing and unemployment is at its lowest levels since 2008. State revenue collections are rebounding, too — after several years of steady declines, revenue projections have increased in each of the past four quarters.

Even in the face of this positive news, however, the state faces an enormous budget challenge in the next biennium.



Our economy and state revenue collections are bouncing back at a much slower pace than after previous recessions. The latest projections for the 2015–17 biennium indicate revenue growth will remain modest for the foreseeable future. Trouble is we have growing needs and obligations that far exceed revenue projections.

The state is under court order to live up to its constitutional obligation to adequately fund basic education. The courts have also made it clear that, in addressing budget shortfalls the past six years, the state sometimes went too far in cutting services, such as for at-risk children and people with mental illness.

Meanwhile, prior budgets required millions of Washingtonians to make sacrifices. Students and their families are paying thousands of dollars more in public college tuition. State funding for State Parks was reduced so far we now must pay fees to visit them. And state employees, who are paying more for their health care and pensions, have not seen a general wage increase since 2008.

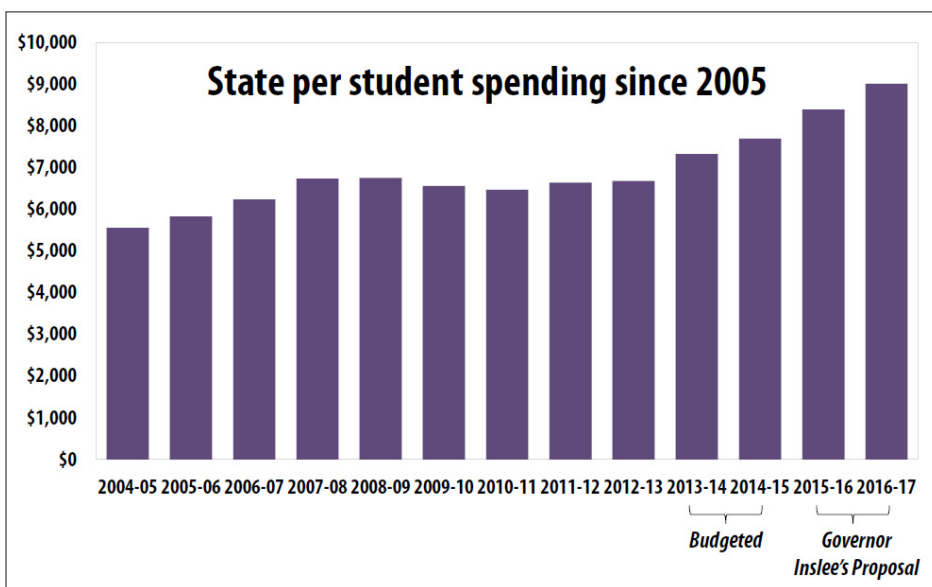
*After more than a half decade of cutting vital services and neglecting obligations, Governor Inslee believes it is time to start reinvesting in Washington.*

Given the size of the budget shortfall heading into the 2015–17 biennium, some spending cuts are necessary. But after more than a half decade of cutting vital services and neglecting obligations, Governor Inslee believes it is time to start reinvesting in Washington.

First and foremost, the Governor's 2015–17 budget makes a bold commitment to education.

Under his **\$2.3 billion education plan**, the state would dramatically cut class sizes statewide for kindergarten through third grade and meet the state's commitment to fully fund basic education a full year ahead of schedule. The budget also includes a major investment in early learning, makes targeted investments to increase student success and boost graduation rates, and freezes resident undergraduate higher education tuition.

*Governor  
Inslee's budget  
continues  
substantial  
progress in  
K-12 funding*



As recently as 2007, public schools accounted for less than 39 percent of Near General Fund spending. Under the Governor's budget, public schools' share of state spending would increase to 47 percent. By 2017, K-12 per-student funding would increase to \$9,015 — a 44 percent increase from 2007 funding levels.

The Governor's budget makes investments in a number of other important areas. For example, the budget includes funding to:

- » Increase mental health bed capacity to prevent inappropriate boarding of psychiatric patients.
- » Hire more than 100 child protective and child welfare services workers to speed up investigations of abuse and neglect, and ensure safe conditions for children in foster care.
- » Boost staffing levels at State Parks to restore services and catch up on a backlog of maintenance work.
- » Implement the Governor's proposed market-based carbon pollution reduction program.
- » Prevent and respond to oil spills along rail lines and reduce toxics in our waters.
- » Provide modest pay raises for state employees.

Meeting all our needs and obligations with existing revenue would require devastating cuts to other state services. These cuts would hit especially hard in higher education, human services, public safety, natural resource agencies and other areas of the

budget that are not protected by constitutional or federal requirements.

The Governor proposes using a mix of spending cuts, new revenue and reserves to pay for education and services Washingtonians want and deserve.

The budget calls for **tax and revenue changes** that will raise a total of about \$1.4 billion over two years. More than half the new revenue would come from a capital gains tax that would affect only our very wealthiest taxpayers.

The budget uses \$450 million from reserves and includes \$211 million in General Fund spending cuts. And by maximizing federal funds and shifting General Fund costs to other fund sources, the budget saves an additional \$212 million.

Governor Inslee's budget will put Washington on a sustainable fiscal path. It will leave \$911 million in reserves by the end of the 2015–17 biennium to protect our education investments and other state services during the next economic downturn.

His plan will help make Washington's tax system fairer to low- and middle-income households and better at keeping pace with the state's economy. More importantly, it will help us meet our obligations and start reinvesting in Washington.